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April 20, 2017

VIA ELECTRONIC MAIL to Fajardo.Juan@epa.gov
And VIA FEDERAL EXPRESS
(Settlement Confidential –FRE Rule 408)

Juan Fajardo, Esq.
Assistant Regional Counsel
Office of Regional Counsel, New Jersey Superfund Branch
U.S. Environmental Protection Agency, Region 2
290 Broadway, 17th Floor
New York, NY 10007-1866

Re: Kao USA Inc. (formerly The Andrew Jergens Co.) response to Offer of Cash Out Settlement at the Diamond Alkali Superfund Site Lower 8.3 Miles of the Lower Passaic River; Essex and Hudson Counties, New Jersey

Dear Mr. Fajardo:

This communication responds to the March 30, 2017 letter from Eric J. Wilson, Deputy Director of Enforcement and Homeland Security Emergency and Remedial Response Division, sent to my client Kao USA Inc. ("Kao"), formerly The Andrew Jergens Co., currently located at 2535 Spring Grove Ave, Cincinnati, Ohio, regarding the Offer of Cash Out Settlement at the Diamond Alkali Superfund Site Lower 8.3 Miles of the Lower Passaic River; Essex and Hudson Counties, New Jersey, relative to Kao's former Franklin Avenue, Belleville, New Jersey site (the "Offer Letter").

Pursuant to page 3 of the Offer Letter, this communication confirms that Kao would like to participate in the settlement and is so advising EPA of Kao's intent to enter into a settlement agreement in substantially the same form proposed by EPA in the Offer Letter.

Per the April 12, 2017 email from my colleague Zack Hohl, Kao and certain other parties receiving the settlement offer have provided various comments, proposed corrections and technical revisions to EPA's draft settlement agreement and requested a meeting with EPA to discuss the same. Your preliminary email response on April 13, 2017, thanked us for the timely comments and confirmed that EPA will consider the comments and request for a meeting and get back to us as soon as possible. However, your communication also noted three substantive terms, which are ultimately acknowledged and acceptable to Kao, namely: 1) The settlement



amount is \$280,600; 2) The settlement is limited to OU2; and 3) The settlement does not cover natural resource damages.

Based on our follow-up phone conversation with you on Tuesday, April 18, 2017, we understand that EPA plans to wait until after the response deadline before replying to our comments and scheduling a meeting or follow-up call. We understand that EPA would like to receive and review all comments to the draft Settlement Agreement from settlement offerees. From our conversation we also understand that EPA would hope to get back to us soon on those proposed corrections and technical revisions not otherwise addressed in your email response of April 13, 2017. Accordingly we look forward to your further response, communications and/or meeting and ultimately to receipt of a final settlement agreement for proposed execution.

We will certainly endeavor to accommodate you and your team on any meeting or follow-up phone conferences so that our comments and technical issues may be addressed and resolved as soon as practicable.

Thank you for this settlement opportunity. Please let us know when you and your team would be available to follow-up per our prior communications.

Respectfully submitted,

Graydon Head & Ritchey, LLP

Richard T. La Jeunesse

RTL:jms

cc: Sam Wood, Esq., Kao USA Inc., General Counsel
M. Zack Hohl, Esq., Graydon Head & Ritchey LLP